

Message Text

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C O N F I D E N T I A L BOGOTA 8169

EXDIS

FOR ARA ROGERS AND KLEIN

E.O. 11652: GDS

TAGS: PFOR, CO

SUBJECT: PHASE OUT OF AID PROGRAM

1. FINANCE MINISTER BOTERO INVITED ME TO HIS OFFICE TO DISCUSS THE STATE VISIT (HE WILL ACCOMPANY THE PRESIDENT), AND PROPOSED THAT WE AGREE TO PHASE OUT THE AID PROGRAM BY THE END OF FY 76. HE CALLED THIS AN INFORMAL "SOUNDING OUT" TO SEE WHAT I THOUGHT, BUT IN RESPONSE TO MY DIRECT QUESTION HE SAID IT WAS NOT A PERSONAL POSITION; IT WAS A GOVERNMENT CONSENSUS.

2. HIS REASONING WAS AS FOLLOWS: COLOMBIA'S CAPITAL RESOURCE PROSPECTS WERE TRULY EXCELLENT AS A RESULT OF TAX REFORM, THE COFFEE MARKET, THE ELIMINATION OF SUBSIDIES, AND EFFECTIVE MOBILIZATION OF DOMESTIC SAVINGS. THE FIGURES, WHICH WILL BE RELEASED SOON, ARE NOTHING SHORT OF STAGGERING. THIS MEANT THAT COLOMBIA WAS INCREASINGLY ABLE TO SHOULDER THE BURDEN OF DEVELOPMENT ITSELF. WITH THESE RESOURCES AND CAPACITY, IT WILL BE INCREASINGLY DIFFICULT FOR THE US BUREAUCRACY TO JUSTIFY AN AID PROGRAM; THE US CONGRESS WILL INCREASINGLY QUESTION IT; THERE WILL BE BETTER USE FOR THE FUNDS IN THE POOREST COUNTRIES. EITHER LEVELS WILL COME DOWN FURTHER, OR SOONER OR LATER A POLICY DECISION WILL BE MADE BY THE US TO PHASE OUT AS WE HAD DONE IN BRAZIL, ETC. OR ELSE, IF NO EXPLICIT POLICY DECISION IS MADE, THE TECHNICAL, BUREAUCRATIC RESTRICTIONS, REQUIREMENTS AND PROCEDURES WILL BECOME SO INVOLVED THAT COLOMBIA WILL NOT FIND IT WORTH WHILE.

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3. AS HE SAID IN PARIS, HE WENT ON, THE RESPONSIBILITY FOR COLOMBIAN DEVELOPMENT RESTS SQUARELY ON COLOMBIA AND NOWHERE ELSE. COLOMBIA WAS NOW IN A POSITION TO ASSUME THAT RESPONSIBILITY. THAT WAS WHAT THE ALIANZA HAD BEEN ALL ABOUT. THE BILATERAL DEVELOPMENT PROGRAM HAS BEEN A SUCCESS BECAUSE THE NEED FOR IT HAS BEEN OUTGROWN. IT IS NOT SUPPOSED TO GO ON FOREVER.

4. SINCE BOTH SIDES MUST INEVITABLY QUESTION THE PROGRAM'S CONTINUANCE SOONER OR LATER, WHY WAIT UNTIL ONE OR THE OTHER TAKES A UNILATERAL DECISION AND THEREBY PRESENTS A DIFFICULT SITUATION. WHY NOT GRACEFULLY ANTICIPATE THE SITUATION, AND TAKE THE JOINT STEP AND ANNOUNCE JOINTLY THAT IT HAS BEEN AGREED THAT THE BILATERAL AID PROGRAM HAS SERVED ITS PURPOSE AND WILL BE PHASED OUT, MAKING CLEAR THAT THIS IS PRECISELY WHAT AID WAS SUPPOSED TO DO--WORK ITSELF OUT OF A JOB. THE PRESIDENT'S VISIT WOULD PROVIDE A VERY GRACEFUL CONTEXT FOR SUCH JOINT AGREEMENT.

5. IN RESPONSE TO MY DIRECT QUESTION, BOTERO ACKNOWLEDGED THAT THERE WAS A POLITICAL DIMENSION TO THIS AS WELL. COLOMBIA, HE SAID, WANTED A FRIENDLY BUT NEW RELATIONSHIP WITH THE US--ONE OF EQUALITY AND MUTUAL SELF RESPECT. THE DONOR-RECIPIENT RELATIONSHIP WAS NOT THE KIND OF THING WE SHOULD NOW HAVE. THE US WAS GOING TO NEED CREDIBLE FRIENDS IN THE HEMISPHERE; COLOMBIA'S WAS A VOICE OF REASON AND MODERATION, BUT IT WILL NOT BE CREDIBLE IF IT IS BEHOLDEN TO THE US; IT WILL BE A BETTER FRIEND IF IT IS NOT.

6. BOTERO ASKED ME TO THINK ABOUT IT AND SUGGESTED WE MEET AGAIN NEXT WEEK. SOME DECISION ALONG THIS LINE WILL HAVE TO BE MADE SOON. IN A SCHEDULED MEETING BETWEEN AID PERSONNEL AND THE PLANNING BOARD SCHEDULED FOR THE AFTERNOON OF AUG 27, THE COLOMBIANS WILL SUGGEST A STUDY OF THE PIPELINE AND WHAT PHASE OUT DATE MIGHT BE ESTABLISHED.

7. COMMENT: I CONSIDER THIS, IN EFFECT, AS A GOC DECISION. FROM A DEVELOPMENTAL POINT OF VIEW THE LOGIC IS PRETTY COMPELLING AND BOTERO IS OF COURSE RIGHT THAT INTERNALLY WE OURSELVES WILL INCREASINGLY CHALLENGE THE PROGRAM'S CONTINUANCE. IN ANY CASE I DO NOT SEE THAT WE HAVE ANY CHOICE, AND I THINK WE MUST NOW GO CONFIDENTIAL

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BACK TO THE DRAWING BOARD. A CREDIBLE PUBLIC CASE CAN BE MADE, AS BOTERO SUGGESTS, IN TERMS OF THE AID PROGRAM HAVING ACCOMPLISHED WHAT IT WAS SUPPOSED TO, ETC., AND WE SHOULD BEGIN THINKING OF THE SCENARIO IN TERMS OF THE VISIT.

8. THIS DOES HOWEVER TRIGGER ANOTHER CONSIDERATION TRANSCENDING THE AID ISSUE AND REACHING TO THE VERY SUBSTANCE OF OUR TOTAL PURPOSE AND RELATIONSHIP WITH COLOMBIA. FOR POSSIBLY GOOD AND

UNDERSTANDABLE REASONS WHAT MAY BE HAPPENING, IN EFFECT, IS THAT
CHANNELS OF CUSTOMARY US-COLOMBIAN INTERACTION ARE BEING CUT.
IS THE GOC PURPOSE BY DOING THAT TO ESTABLISH INDEPENDENCE
(THE HIRSCHMAN "ARMS LENGTH" THESIS)? IS IT JUST REACTION
TO A STYLE OF TIE AS BOTERO SAID? IF SO ARE THERE
SUBSTITUTES TO LINK OUR TWO SOCIETIES (NOOU ECESSARILY OUR
TWO GOVERNMENTS)? HOW DOES ONE MAINTAIN A CONSTRUCTIVE BILATERAL
RELATIONSHIP OF TRANSNATIONAL LINKS GET REDUCED OR ELIMINATED?
THESE ARE THING TO WHICH WE WILL BE ADDRESSING OURSELVES IN
FUTURE CABLES, BUT IN THE MEANTIME I THINK WASHINGTON SHOULD
CONSIDER THESE CONCEPTUAL BUT REAL OVERALL PROBLEMS--NOT BY
ANY MEANS UNQIUE TO COLOMBIA--AND PARTICULARLY IN TERMS OF
THE SETTING FOR THE VISIT.
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